

**REVENUE:** No revenue impact

**FISCAL:** Fiscal statement issued

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**Action:** Do Pass with Amendments to the A-Eng. Measure (Printed B-Eng.) and Rescind the Subsequent Referral to the Joint Committee on Ways and Means

**Vote:** 3 - 2 - 0

**Yeas:** Burdick, Rosenbaum, Bonamici

**Nays:** George, Girod

**Exc.:** 0

**Prepared By:** Lori Brocker, Administrator

**Meeting Dates:** 5/7, 5/21

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**WHAT THE MEASURE DOES:** Prohibits mortgage banker, mortgage broker or loan originator from making negative amortization loan without evaluating and verifying borrower's ability to repay. Requires mortgage banker, mortgage broker or loan originator advertising, soliciting or conducting business in language other than English to provide certain disclosures in the language used in advertising, soliciting or related transactions.

**ISSUES DISCUSSED:**

- State and federal regulation in secondary mortgage market
- Federal disclosure rules
- Securitization of mortgages
- Data indicating entities that issue mortgages
- Complexity of mortgage documentation
- Attorney fees provisions
- Factors considered when determining bad faith or harassment
- Criminal penalties in mortgage context
- Role of mortgage broker in mortgage lending
- Variety of mortgage loan programs
- Disclosure requirements
- Impact of language disclosure requirements on persons in mortgage business

**EFFECT OF COMMITTEE AMENDMENT:** Deletes attorney fees provisions. Clarifies application of provision relating to solicitation in language other than English. Revises provision relating to ascertaining borrower's ability to pay.

**BACKGROUND:** House Bill 2188B addresses perceived gaps in new federal mortgage lending standards identified by the Governor's Mortgage Lending Work Group. Two areas of concern are addressed in House Bill 2188B: negative amortization loans and a borrower's ability to repay, and language consistency in solicitation, advertising and transactions for mortgage lending.